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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

COUNTRY Hungary

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THIS IS UNEVALUATED INFORMATION

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2. The Hungarian Oil Works in Szony, which is approximately 40 kilometers west-northwest from Budapest, occupied an area of approximately 1-1/2 square miles. It was fenced in by a wall six feet high and topped with barbed wire. This plant, built in 1939 and completed in 1942 primarily for production of gasoline, had all new equipment. Some of it came from the Krupp Works in Germany. The refinery area contained 16 tanks. Two of the tanks were of five million liter capacity, four tanks were of 2-1/2 million liter capacity, and 10 tanks were of one million liter capacity. petroleum was not piped into the refinery, but was brought in by railroad tank cars, each having a capacity of 10 tons. The refinery received 60 tank cars of petroleum daily from the oil fields near and around Lovaszi, Hungary. 50X1 50X1

3. Employees of the Hungarian Oil Works numbered approximately 600 from 1941 to 1945. All, except a Mr (fnu) Bálasz, a chemist, and one foreman of this 60 were laborers. There were three shifts of eight hours each. My section worked six days per week. 50X1 50X1

4. used automobile oil which was collected from various gas stations and army installations and re-refined for use in vehicles and tanks as a lubricant. This used oil was transferred into kettles and heated to 80° C and treated with sulphuric acid and neutralized with sodium hydroxide. It was then allowed to stay for one day for the residue to settle and the refined oil siphoned into barrels of 200 liter capacity. Residue, which was tar, was thrown away. Production was approximately 50 barrels per day. 50X1 50X1

5. At the refinery I served part of the time as a soldier. I had been drafted into the Hungarian army in 1943 and assigned to a chemical unit. Because of my technical training I was sent back to the oil refinery to do the same type of work.

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6. The Germans took control of the oil refinery on 15 Oct 44 after which time they produced gasoline for tanks and planes. With the Soviet invasion of Hungary and Soviet attacks on the refinery in 1945, the Germans loaded 59 of the staff members and some important documents on trucks and started toward Germany. 50X1

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7. Steve Peter, who had been one of the technical directors of the refinery, was one of the 59 taken westward by the Germans. In 1947, however, he returned to the refinery where he remained until he was fired by the Soviets when they took control of the refinery. Peter then went to Pecs where he worked for a coal company where lignite, brown coal type, was mined and processed into coke.

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8. in 1949, the Soviets had rebuilt the refinery and it was now called the "Hungarian-Russian Oil Corporation." 50X1 50X1 the plant had a Soviet director and the output was as great as it had been in 1944. 50X1 the Soviets had also taken over a refinery which was being built nearby by the US. 50X1 50X1

9. One of the key staff members, Mr Kornel Kell, hid from the Germans when they evacuated in 1945 and waited for the Soviets with open arms. He stayed on at the refinery until 1948 when he was fired.

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10. Kell was a chief engineer at the refinery, Kell developed a new method which dealt with separation of oil from paraffin. The method was expensive inasmuch as it employed the dissolving of oil from paraffin with an organic solvent at minus 30° C and distillation by a regular method. Because of the high cost involved, the old method of de-paraffining, the "Vergius process," was employed.

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